

A G R E E M E N T

AGREEMENT dated March 24, 1958
by and between Federal Uranium Corporation, a Nevada Corporation,

(hereinafter called "Seller") and Homestake-Sapin Partners, a
New Mexico limited partnership, (hereinafter called "Buyer").

W I T N E S S E T H:

In consideration of the covenants herein contained,
it is mutually agreed that:

1. Purchase and Sale of Ore. Subject to the
provisions of Paragraph 2 hereof, Seller agrees to sell and
Buyer agrees to buy the entire output of uranium bearing ores
produced during the period of this Agreement from the follow-
ing described properties which Seller owns or controls:

The SW 1/4 of Section 18, T13N, R10W held under Indian Service
Lease No. 1-149-Ind-8913

Seller agrees to ship and deliver all said ores regularly
and currently as produced. Seller represents that it has and
will have valid AEC licenses with respect to all ores shipped
hereunder and agrees to furnish promptly a copy of its AEC
license to Buyer.

2. Analysis, Amenability, etc.

(a) Seller estimates that the product will
be of substantially the following analysis:

| <u>Product</u> | <u>Percentage</u> |
|-------------------------------|-------------------|
| U ₃ O ₈ | 0.20% |
| CaCO ₃ | 84.-90% |

3-14-58

*Homestake-Sapin -
Ore Purchase Agreement*

(b) It is recognized that ores delivered hereunder will vary in U_3O_8 content. Seller shall endeavor to regulate shipments to the end that the average U_3O_8 content will not be less than 0.15 % each calendar month nor less than 0.20 % in any calendar quarter. In the event that the average U_3O_8 content shall be less than 0.15 % in any calendar month or less than 0.20 % in any calendar quarter, Buyer shall have the option of terminating this contract upon fifteen days written notice given to Seller.

(c) No payment will be made hereunder for any lot of ore which assays less than 0.10% U_3O_8 . At Buyer's option, any such ore shall either: (i) become the property of Buyer as liquidated damages for Buyer's expense of weighing, sampling and assaying, and after sampling may be placed in process, commingled or otherwise disposed of by Buyer, or (ii) be rejected by Buyer, in which event Seller agrees to reimburse Buyer promptly for all haulage and sampling charges with respect to any such rejected deliveries.

(d) Seller agrees that it will not knowingly deliver to Buyer any lot of ore which is non-amenable to processing in Buyer's Plant. For purposes of this agreement a lot of ore shall be deemed non-amenable if:

- (i) The moisture content thereof exceeds 10% or
- (ii) The same contains any blasting caps or explosives; or steel, cans, timber, cloth or other foreign substances, in excess of 1/2 of 1% of the wet weight of the ore in such lot; or
- (iii) For any other reason the ore is or becomes, in Buyer's opinion based on attempts to treat the ore by the process used in Buyer's Plant, economically and/or metallurgically non-amenable to said process, provided, however, that no change or changes after the date hereof in the process of concentration used by Buyer shall be a basis for a claim of non-amenableity.

(e) In the event that any lot of ore delivered hereunder shall be non-amenable, Buyer shall immediately so notify Seller. Upon receipt of such notice, Seller shall discontinue delivering such non-amenable ore. After receipt of such notice by Seller, any deliveries of non-amenable ore shall not be included in computing the amount of ore delivered hereunder and shall, in the absence of written instructions delivered by Seller to Buyer within fifteen (15) days after receipt of such notice of non-amenableity as

to the specific disposal or shipment of said deliveries desired by Seller, be shipped at the expense of Seller to Seller at its properties or be stored by Buyer for the account of Seller, whichever Buyer shall elect. Seller shall reimburse Buyer for all costs of haulage, sampling, handling and storage in connection with all ore which is non-amenable, plus reasonable storage charges by Buyer if such ore is actually stored by Buyer.

(f) Any question concerning Buyer's determination as to amenability shall be settled by arbitration, in accordance with the rules then obtaining of the American Arbitration Association, the arbitrators to be chosen from a list of metallurgists approved as arbitrators by such Association, and judgement upon the award rendered may be entered in any court having jurisdiction thereof. The cost of any such arbitration shall be borne by the party hereto against whom the decision of the arbitrators shall be rendered.

(g) If the result of any arbitration proceeding shall be a finding that any ore previously delivered to Buyer was non-amenable, Seller shall reimburse Buyer for all reasonable charges, as hereinabove set forth, for handling, storing, sampling, and returning such ore to Seller or as Seller may direct. If such arbitration results in a finding that any such ore was amenable, Buyer shall reimburse Seller for any additional treatment charges paid by Seller with respect to such ore and for such charges for handling, storing, sampling and/or returning such ore, and any other ore having the same physical or chemical characteristics the delivery of which was withheld by reason of such arbitration, as Seller may previously have paid or incurred in connection therewith.

(h) In the event that Buyer shall not have notified Seller within thirty (30) days after delivery thereof that any particular lot of ore is non-amenable, such ore and all ore having the same, or substantially the same, physical and chemical characteristics shall thereafter be deemed, for all purposes of this agreement, amenable to concentration at the Plant. To facilitate the determination by Buyer of amenability, Seller agrees to notify Buyer, as soon as practicable, of the commencement of mining operations in various ore bodies from which ore is derived and Seller will, if Buyer so requests, deliver sample quantities of ore derived therefrom to Buyer for testing for amenability.

(i) In the event that Buyer shall refuse to accept any ore offered to it by Seller, whether by reason of non-amenableity or by reason of grade, or for any other reason, Seller shall be free to dispose of such ore to such persons and on such terms as Seller may see

fit. Nothing contained in this subparagraph (1) however, shall be construed to permit Buyer to refuse to accept any ore which it is obligated to accept under the terms of this Agreement.

3. Tonnage. Seller's production is estimated as between 500 and 1500 short dry tons per month.

4. Duration. The period of this Agreement is from March 24, 1958 to December 31, 1959 inclusive provided, however, that this Agreement may be extended at any time by mutual agreement at any time prior to its expiration.

5. Delivery. Ore shall be delivered by Seller to the receiving area designated by Buyer at Buyer's millsite near Grants, New Mexico. Buyer shall have the right at any time, upon written notification to Seller, to divert ore to any other uranium concentration plant that Buyer may choose. However, if diversion to another plant causes Seller's transportation costs to exceed the Atomic Energy Commission's haulage allowance, then such excess cost shall be borne by Buyer.

6. Purchase Price. Except as herein otherwise provided, the purchase price of ores delivered hereunder shall be in accordance with the base unit price set forth in the Atomic Energy Commission's Domestic Uranium Program, Circular 5 Revised, or amendments made to it during the life of this Agreement, including the haulage and development allowances therein set forth and any ore grade premium. Payment will be made only for the uranium content, and no penalty will be charged for lime (CaCO_3).

7. Weighing, Sampling and Assaying.

(a) The net weight of each load will be determined by Buyer's weigh master on scales which will be provided by Buyer at or in the vicinity of the purchase depot, and such weight will be accepted as final. A weight ticket showing the net wet weight will be furnished Seller or his representative for each load.

(b) Each lot of ore will be sampled promptly by Buyer or Buyer's agent according to standard practice, and such sampling will be accepted as final. Minimum lot size to be sampled will be 500 tons or a full month's deliveries, whichever shall be lesser, provided, however, that Buyer shall have the option to sample smaller quantities if Buyer so elects. Seller or his representative may be present at the sampling at his own expense. The absence of Seller or his representative

shall be deemed a waiver of this right. Buyer will make moisture determinations according to standard practices in ore sampling, as approved by the AEC for Buyer's Plant.

(c) All final samples will be divided into five pulps and distributed as follows: (1) Seller, or his representative, will receive one pulp; (2) Buyer will retain one pulp; (3) Two pulps will be reserved for possible umpire analysis; (4) The fifth pulp will be delivered to the AEC in Grand Junction. Buyer's pulp will be assayed by Buyer. Seller may, if he desires, at his own expense, have his pulp assayed by an independent assayer.

(d) In case of disagreement on assays as to any constituent of the ores, an umpire shall be selected in rotation from a list of umpires approved by Buyer, whose assays shall be final if within the limits of the assays of the two parties; if not, the assay which is nearer to that of the umpire shall prevail. The party whose assay is the farther from that of the umpire shall pay the cost of the umpire's assay for the constituent of the ores which is in dispute. In the event that the umpire's assay is equally distant from the assay of each part, costs will be split equally. In the event of a no-pay ore, Seller shall be required to advance the cost of the umpire assay to Buyer. In case of Seller's failure to make or submit assays, or where no umpire assay is called for, Buyer's assays shall govern. After sampling, the ores may be placed in process, commingled, or otherwise disposed of by Buyer. Umpire rights and privileges expire fifteen (15) days after date of sampling unless extended by mutual agreement.

8. Adjustment of Assays. Assays shall be adjusted to nearest .001% for purposes of payment.

9. Size of Ore Pieces. Pieces of ore shall not be larger than 12 inches in one dimension. In the event shipments containing pieces in excess of 12 inches are made, the cost incurred by reducing to 12 inch size will be deducted from value of ore and in the case of no-pay ore, the cost will be charged to Seller's account.

10. Assignment. The sale, assignment or other transfer of Seller's interest in any of the above claims or of the ore produced therefrom by Seller except to Buyer and except as provided in Paragraph 2 (i) hereof, shall, at Buyer's option and at any time, upon fifteen (15) days written notice to Seller, terminate this Agreement. Seller shall give Buyer immediate notice of such transfer. Seller's interest in this Agreement cannot be assigned without the written consent of Buyer, to be attached hereto.

11. Force Majeure. Neither party hereto shall be respon-

sible for delays or failure of performance due to strikes, acts of God or any other like or unlike cause beyond its control. Buyer may notify Seller by registered United States mail, or by telephone or wire, within thirty (30) days after closure of Buyer's plant by causes beyond its control, to suspend shipments of any or all ores to Buyer under this agreement until such cause or causes are removed, and Seller shall not thereafter make further shipments until Buyer's plant is reopened.

12. Taxes. Seller shall be responsible for the payment of all taxes on the ore in the ground owned by it or with respect to the mining of said ore, the severance thereof from the ground, or the delivery thereof to the Buyer.

13. Adverse Claims. On receiving notice that third persons assert an adverse claim to the ores shipped under this agreement or the proceeds therefrom, Buyer shall notify Seller of the fact, and shall have the right to withhold further payments to Seller hereunder until it is reasonably satisfied that said adverse claims are unfounded, or until such claims are removed or settled.

14. Settlement. Buyer will make cash settlement for shipments received during each calendar month at the earliest practicable date following the obtaining of all necessary information. In the event certain information necessary for settlement is unduly delayed at the end of any calendar month, Buyer will issue a provisional settlement to Seller as soon as sufficient information is available. Final settlement statements will be prepared as soon as possible thereafter. Seller agrees to reimburse Buyer promptly for any overpayment in provisional settlements. Cash payment shall be made by Buyer in accordance with written instructions furnished by Seller, except as herein otherwise provided.

15. Notices. All notices or instructions required to be given under the terms of this Agreement shall be in writing and shall be validly and sufficiently served, given or made if mailed by certified mail, with postage prepaid, and if intended for Buyer, addressed to Buyer at P.O. Box 98, Grants, New Mexico, or, if intended for Seller, addressed to Seller at P.O. Box 655, Grants, New Mexico. Each party may designate by notice in writing a new address to which any such notice shall be mailed.

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first above written.

HOMESTAKE-SAPIN PARTNERS
A New Mexico limited partnership, Buyer

(Seal)

By HOMESTAKE MINING COMPANY
a California corporation,
General Partner

Attest:

/S/ John W. Hamilton
Secretary

By /S/ A. H. Shoemaker
Vice-President

(Seal)

FEDERAL URANIUM CORPORATION

Attest:

Seller

/S/ C. Allen Elgin

By /S/ R. W. Neyman

STATE OF UTAH)
) ss.
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me
this 24th day of March , 1958 by R. W. Neyman
known to me to be the President of Federal Uranium
Corporation , on behalf of said corporation.

/S/ Mary Peters
NOTARY PUBLIC in and for the
State of UTAH
County of SALT LAKE
My commission expires Feb. 26, 1961

STATE OF CALIFORNIA)
) ss.
CITY & COUNTY OF SAN FRANCISCO)

The foregoing instrument was acknowledged before me
this 7th day of April , 1958 by A. H. Shoemaker
known to me to be the Vice-President of Homestake Mining
Company, a California corporation, on behalf of said corpora-
tion, general partner, on behalf of Homestake-Sapin Partners
a limited partnership.

/S/ Jane A. Black
NOTARY PUBLIC in and for the
State of
County of
My commission expires Sept. 29, 1959

3-14-58

7